

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 235 AND 535
INDIANAPOLIS, INDIANA

January 1, 2003 to December 31, 2003



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman, Bureau of Motor Vehicles Commission	Mr. Gerald Coleman	01-06-02 to 02-29-04
	Ms. Mary DePrez	03-01-04 to 01-05-05
Branch Manager	Ms. Martha Miles	01-01-03 to 08-11-03
	Ms. Leatha Owen (Interim)	08-12-03 to 03-03-04
	Ms. Anna Herron	03-04-04 to 04-19-04
	Ms. Cheryl Rickets	04-20-04 to 04-20-04
	Ms. Sherri VanHook (Interim)	04-21-04 to 07-26-04
	Mr. Robert Beatty	07-27-04 to 12-31-04



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUREAU OF MOTOR VEHICLES COMMISSION

We have examined the Schedule of Collections and Distributions of the State Bureau of Motor Vehicles Commission License Branch Numbers 235 and 535 (Branch) for the period of January 1, 2003, to December 31, 2003. The Branch's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Collections and Distributions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Branch for the year ended December 31, 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 26, 2004

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 235 AND 535
 INDIANAPOLIS, INDIANA
 SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS
 January 1, 2003 to December 31, 2003

	Branch Number 235	Branch Number 535	Total (Memorandum Only)
Collections:			
Registrations	\$ 3,880,084	\$ 2,084,781	\$ 5,964,865
Titles	535,372	1,608,389	2,143,761
Drivers Licenses	236,803	55	236,858
Watercraft	10,297	29,532	39,829
Miscellaneous	<u>1,733</u>	<u>30</u>	<u>1,763</u>
Totals	<u>\$ 4,664,289</u>	<u>\$ 3,722,787</u>	<u>\$ 8,387,076</u>
Distributions:			
State Fees	\$ 1,541,886	\$ 1,794,893	\$ 3,336,779
County Tax	2,561,313	1,338,935	3,900,248
Commission Fees	<u>561,090</u>	<u>588,959</u>	<u>1,150,049</u>
Totals	<u>\$ 4,664,289</u>	<u>\$ 3,722,787</u>	<u>\$ 8,387,076</u>

The accompanying notes are an integral part of the schedule.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 235 AND 535
INDIANAPOLIS, INDIANA
NOTES TO SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS

Note 1. Introduction

The Motor Vehicles Commission was created to manage the motor vehicle license branches. The Bureau of Motor Vehicles is a separate state agency which provides support services to the Commission controlled license branches. The license branches collect fees which fund the Motor Vehicles Commission. The license branches collect and forward county taxes (excise tax, wheel tax, and surtax) and state fees. The Commission has one contractual branch that is administered by an individual contractor according to Bureau policies. The Commission has developed a mobile license branch to serve the need of CDL license issuance and other special needs as they arise.

Note 2. Collections and Distributions

Each branch collects fees and taxes when vehicle and watercraft registrations, titles and drivers licenses are sold. Fees are uniform throughout the state. The following taxes are collected by the branches: excise tax, surtax, wheel tax, and use tax.

The total daily collections are deposited to a single bank account. From this account the collections are distributed to separate bank accounts which are not controlled by the license branch and belong to the state, county and Bureau of Motor Vehicles Commission.

Note 3. Banking System

The Bureau of Motor Vehicles Commission has entered into an agreement with Bank One for a cash concentration system. The system utilizes a series of individual noninterest bearing accounts (clearing accounts) from which all fees and taxes are transferred.

Note 4. Combined Branch Report

This report contains financial and statistical information for both Indianapolis License Branch Number 235 and Indianapolis License Branch Number 535. Indianapolis Branch Number 235 is a standard license branch. This branch performs all normal license branch functions. Indianapolis Branch Number 535 is a dealer/fleet branch. This branch specializes in servicing area auto dealers and corporations that have a large number of titles and registrations. These branches share the same location, hours, and manager.

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 235 AND 535
 INDIANAPOLIS, INDIANA
 STATISTICAL INFORMATION
 January 1, 2003 to December 31, 2003

<u>Transactions Processed</u>	<u>Branch Number 235</u>	<u>Branch Number 535</u>	<u>Total (Memorandum Only)</u>
Vehicle Registrations:			
Passenger	30,719	8,314	39,033
Motorcycle	477	126	603
RV (Housecar)	88	16	104
Light Truck	5,242	2,954	8,196
Other Truck	541	599	1,140
Farm Truck	2	5	7
Tractor	59	14	73
Trailer	1,797	474	2,271
Semi-Trailer	204	127	331
School and Church Bus	57	235	292
Other Bus	38	13	51
Other	-	4	4
Total Vehicle Registrations	<u>39,224</u>	<u>12,881</u>	<u>52,105</u>
Drivers Licenses and Permits:			
Drivers Licenses/Learners Permits	8,036	-	8,036
CDL Licenses/CDL Permits	460	-	460
Placards	1,443	36	1,479
Other	11,624	-	11,624
Total Drivers Licenses and Permits	<u>21,563</u>	<u>36</u>	<u>21,599</u>
Titles:			
Vehicles	13,429	41,353	54,782
Watercraft	40	89	129
Total Titles	<u>13,469</u>	<u>41,442</u>	<u>54,911</u>
Total Watercraft Registrations	<u>134</u>	<u>369</u>	<u>503</u>

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 235 AND 535
INDIANAPOLIS, INDIANA
EXAMINATION RESULTS AND COMMENTS

REPLACEMENT PLATE APPLICATIONS

We noted that the branch does not use BMV Form 6 "Application for Duplicate or Replacement License Plate" in the manner for which it was originally prescribed or approved. Form 6 could not be located for five of fifteen transactions tested.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed or approved. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 15:3)

BANK ACCOUNT LONG

The bank account was reconciled by Audit Services and found to be cash long in the amount of \$350.24 as of December 22, 2003. Further review revealed that necessary journal corrections (e.g., NSF checks not reimbursed, and deposits errors from the prior months) were not being made, but carried as an adjustment for several months.

All accounts are required to be balanced on a monthly basis. All unidentified cash shortages and overages of twenty dollars or more must be reported to Branch Operations before the next Trial Balance is performed. (Branch Operations Policies and Procedures Manual, Journal Chapter, Miscellaneous Branch Procedures Chapter)

TRANSFER OF FUNDS

Fifty-five of five hundred eighty-five invoices were not transferred in accordance with the transfer schedule developed by the Bureau of Motor Vehicles.

All transfers must be made in accordance with the Bureau's prescribed transfer schedule. (Branch Operations Policies and Procedures Manual, Journal Chapter)

REDECLARED WEIGHT

Ten of ten reweight plates tested could not be found in the Hold for Audit Inventory.

When a plate has been replaced due to reweighting, the new registration stub/receipt should be attached to the original registration (photocopy or BOSS inquiry) and placed with the plate in the Hold for Audit items. (Branch Operations Policies and Procedures Manual, Branch Filing Procedures Chapter)

MONEY COLLECTED FOR WORK NOT REPORTED

Money collected for work not reported was not properly identified in the branch journal.

All monies collected for held work must be posted by customer's name, amount and transaction description to the branch journal. (Branch Operations Policies and Procedures Manual, Journal Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 235 AND 535
 INDIANAPOLIS, INDIANA
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

DAILY DEPOSITS

The branch did not always deposit receipts by the following business day. Three of ten items tested were not deposited by the next business day.

IC 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

ACCOUNTABLE ITEMS

The following schedule details missing items revealed during a comparison of actual inventory of accountable items to the Open Inventory Report of the State Bureau of Motor Vehicles at December 31, 2003. No evidence was found to indicate these items have been sold.

<u>Year</u>	<u>Plate Type</u>	<u>Plate Number</u>
2002	Passenger	49J58
2002	Truck 7,000	792305S
2002	Truck 9,000	56567V
2002	Truck 16,000	33662C to 33663C
2002	Farm Truck 16,000	7642C
2002	Farm Truck 16,000	8140C to 8141C
2002	Farm Truck 20,000	2390D
2002	Farm Truck 23,000	363U
2002	Farm Truck 23,000	402U
2002	Farm Truck 26,000	8925E
2002	Farm Truck 26,000	9764E
2002	Farm Truck 30,000	4169F
2002	Farm Truck 30,000	4579F
2002	Farm Truck 36,000	1103G
2002	Farm Truck 36,000	1206G
2002	Farm Truck 42,000	1198H
2002	Farm Truck 42,000	1265H
2002	Farm Truck 48,000	2807J
2002	Farm Truck 54,000	928K
2002	Farm Truck 54,000	991K
2002	Farm Truck 60,000	297N
2002	Farm Truck 60,000	327N
2002	Farm Truck 66,000	338P
2002	Farm Truck 66,000	368P
2002	Farm Truck 66,000+	290R
2002	Farm Truck 66,000+	316R
2002	Passenger	49D9
2002	Passenger	53Q864 to 53Q865
2002	Passenger	94Q1065
2002	Passenger	99X6343
2002	Passenger	99X6392

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 235 AND 535
 INDIANAPOLIS, INDIANA
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

Year	Plate Type	Plate Number
2002	Passenger	99X7204
2002	Passenger	99X7218 to 99X7223
2002	Prisoner of War	1524
2002	Prisoner of War	1573
2002	Recreational Vehicle	121439 to 121512
2002	Semi Trailer (1 Year)	11864 to 11872
2002	Semi Trailer (1 Year)	13413 to 13421
2002	Truck 11,000	84831B
2003	Disabled Veteran	22
2005	Trailer 3,000	489774A
2005	Trailer 9,000	26639V
2005	Trailer 12,000	14504D
2006	Indiana University	HH8331 to HH8340
2006	Children's Trust	KC8666
2006	Children's Trust	KF8666
2006	Special Recognition	CF1284
2006	Special Recognition	FB71
2006	Special Recognition	FM812 to FM813
2006	Special Recognition	SP595 to SP596
2006	Special Recognition	VH9345
2006	Special Recognition	WA738
2006	Special Recognition	1172G
2007	Disabled American Veteran II	5103
2007	Handicapped	134920
2007	Handicapped	135070
2007	Handicapped	135257
2007	Handicapped	135335
2007	Handicapped	136569 to 136778
2007	Motorcycle	115666
2007	Passenger	2Q1167
2007	Passenger	32A7132
2007	Passenger	49C1033
2007	Passenger	49C2666
2007	Passenger	49C3666
2007	Passenger	49C4666
2007	Passenger	49C5666
2007	Passenger	49C6358
2007	Passenger	49C6544
2007	Passenger	49C6666
2007	Passenger	49C7666
2007	Passenger	49C7728
2007	Passenger	49C7831
2007	Passenger	49C8329
2007	Passenger	49C9666
2007	Passenger	93C498
2007	Passenger	93C1666
2007	Passenger	93C2285

STATE BUREAU OF MOTOR VEHICLES COMMISSION
 LICENSE BRANCH NUMBERS 235 AND 535
 INDIANAPOLIS, INDIANA
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

Year	Plate Type	Plate Number
2007	Passenger	93C3666
2007	Passenger	93C3800
2007	Passenger	93C5107
2007	Passenger	93C8136
2007	Passenger	93C9666
2007	Passenger	93C9679
2007	Passenger	95C3264
2007	Passenger	95C3413
2007	Passenger	97C1666
2007	Passenger	97C2527
2007	Passenger	97C2535
2007	Passenger	97C2666
2007	Passenger	97C3666
2007	Passenger	97C4169
2007	Passenger	97C9663
2007	Passenger	99J114
2007	Personalized	HTJ69
2007	Personalized	RONJEN
2007	Truck 7,000	571405L
2007	Truck 7,000	571666L
2007	Truck 7,000	571976L
2007	Truck 7,000	571987L
2007	Truck 7,000	572057L
2007	Truck 7,000	575666L
2007	Truck 7,000	577273L
2007	Truck 7,000	577436L
2007	Truck 54,000	1602K
2007	Truck 54,000	1609K
2007	Truck 60,000	445N to 453N
2007	Passenger	93C3362
2007	Passenger	93C3415
2007	Passenger	93C3449
2007	Passenger	93C4386
2007	Passenger	93C5666
2007	Personalized	DUBUL2
2007	Truck 7,000	574036L

A listing of the items that are to be accounted for to the State Board of Accounts is included in the Branch Operations Policies and Procedures Manual. (Branch Operations Policies and Procedures Manual, Supplies and Equipment Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION
LICENSE BRANCH NUMBERS 235 AND 535
INDIANAPOLIS, INDIANA
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2004, with Ms. Sherri VanHook, Interim Branch Manager. The official response has been made a part of this report and may be found on pages 12 and 13.



Bureau of Motor Vehicles Commission

Marion County License Branch

4050 Meadows Parkway
Indianapolis, Indiana 46205

Telephone: 317 547-3069

Dt: November 3, 2004
To: State Board of Accounts
Fr: Sherri Van Hook/Manager ✓
Re: Exit Conference

This letter is in response to the State Board of Accounts audit report for 2003. The Midtown License Branch #235 has experienced five manager changes for the year 2004. Due to these manager changes several discrepancies were discovered during the audit. The following response for each comment has been addressed to make the necessary corrections to the 2003 audit.

REPLACEMENT PLATE APPLICATIONS

The staff has been instructed that a form 6 must be completed per the (Accounting and Uniform Compliance Guidelines Manual for State Agencies, pg. 15:3)

BANK ACCOUNT SHORT (LONG)

Suzanne Runge, Manager of New Haven License Branch #184, is mentoring the current accounting clerks. Each clerk has completed the Pre-Jart and or Jart training class. The accounting clerks are currently completing the journal according to the (Branch Operations Policies and Procedures Manual)

TRANSFER OF FUNDS

The accounting clerks are following the transfer fund schedule per the (Branch Operations Policies and Procedure Manual)

REDECLARED WEIGHT

The branch has now started following the (Branch Operations Policies and Procedures Manual) for the filing of the Hold for Audit Inventory this inventory is completed by the accounting clerks the hold for audit log is kept in the accounting clerks office all plates are stored in the plate room.

MONEY COLLECTED FOR WORK NOT REPORTED

Money collected for work not reported is currently being posted to the journal listing the customer name, amount, and transaction description to the branch journal.

DAILY DEPOSITS

Brinks Security Company picks up the branch deposits. The schedule for pick up was Monday, Tuesday, Thursday and Friday. The branch was closed on Wednesday and open on Saturday. This schedule would leave Tuesday deposits to be picked up on Thursday. Friday and Saturday deposits would not be picked up until Monday the following week. The branch hours have currently change as of October 5th the branch is now open 5 consecutive days. The pick up has also been change to accommodate the branch hours